

TEXAS APPRAISER LICENSING
AND CERTIFICATION BOARD

vs.

CHENCHENG JACK WU
TX-1322574-G

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DOCKETED COMPLAINT NO.
07-063 AND 07-064

AGREED FINAL ORDER

On this the 12th day of December, 2008, the Texas Appraiser Licensing and Certification Board, (the Board), considered the matter of the certification of Chencheng Jack Wu (Respondent).

In order to conclude this matter, Chencheng Jack Wu neither admits nor denies the truth of the Findings of Fact and Conclusions of Law contained herein and further agrees to the disciplinary action set out in this Agreed Final Order. The Board makes the following findings of fact and conclusions of law and enters this Order in accordance with TEX. OCC. CODE § 1103.458:

FINDINGS OF FACT

1. Respondent Chencheng Jack Wu is a Texas state certified general real estate appraiser, holds certification number TX-1322574-G, and has been certified by the Board during all times material to the above-noted complaint cases.
2. On or about November 16, 2006, Respondent appraised ten (10) residential lots located in Grand Harbor Subdivision, Montgomery, Montgomery County, Texas 77356 ("the Montgomery property") for Millennium Bank.
3. On or about August 30, 2006, Respondent appraised Shell Gas Station and Jacks Food Mart located at 3124 Old Highway 146 S, La Porte, Harris County, Texas 77571 ("the La Porte property") for Prosperity Bank.
3. On or about December 29, 2006, the Complainant, Thomas A. Stark, filed two complaints with the Board. The Complainant asserted that the Respondent had produced appraisals that had various USPAP violations.
4. On or about January 11th, 2006 the Board, in accordance with the mandate of the Administrative Procedure Act (the APA), TEX. GOV'T CODE ANN. CHPT. 2001, and TEX. OCC. CODE CHPT. 1103, notified Respondent of the nature of the accusations involved and Respondent was afforded an opportunity to respond to the accusations in the complaints. Respondent's response to each complaint was received.

5. Respondent violated TEX. OCC. CODE § 1103.405, 22 TEX. ADMIN. CODE §§ 153.20(a)(3) and 155.1(a) by the following acts or omissions which did not conform to USPAP in effect at the time of the appraisal reports for the properties.

The Montgomery Property

- a) Respondent failed to comply with the Competency Rule;
- a) Respondent failed to identify the client specifically, provide a definition of value and its source and did not identify the date of the report or the scope of work necessary to complete the assignment;
- b) Respondent failed to report the scope of work necessary to complete the assignment;
- c) Respondent failed to discuss the market area trends including marketing time of the residential lots and the number of lots available for sale;
- d) Respondent failed to explain or support the adjustment applied for "development" to the waterfront lots. The size adjustment was also significantly large for all the comparables and applied without any support or justification for doing so;
- e) Respondent failed to use proper techniques and methods by merely adding the indicated value of each lot. No consideration or analysis was given for a discount for the number of lots. Respondent also failed to analyze the market for whether or not a discount cash flow analysis (DCF) was necessary;
- f) Respondent failed to apply a discount due to the number of lots and the marketing time of 4-6 months;
- g) Respondent failed to demonstrate a clear understanding of recognized methods and techniques needed to produce a credible appraisal;
- h) Respondent omitted discussion of discounting the retail values of the lots which significantly affected the appraisal report and resulted in a misleading appraisal report;

The La Porte Property

- i) Respondent failed to comply with the Competency Rule;
- j) Respondent failed to identify the client specifically, and the date of the report;
- k) Respondent failed to identify the real property interest being appraised by failing to report that part of the La Porte property was subject to a lease agreement;

- l) Respondent failed to identify and report the site description adequately by failing to report that the La Porte property is inside the flood hazard area;
- m) Respondent failed to identify and report improvements description adequately by not reporting the dimensions of the buildings and failing to indicate the bay depth of the two retail spaces;
- n) Respondent failed to identify and consider the effect of intangible items or other personal property which was part of the transaction;
- o) Respondent failed to address the two retail spaces, thus the highest and best use is misleading.
- p) Respondent failed to use an appropriate method or technique to develop an opinion of the site value due to excessive adjustments to the land sales;
- q) Respondent failed to indicate the source of the cost estimates;
- r) Respondent failed to collect, verify, analyze and reconcile comparable sales data adequately, including failing to analyze the leased fee interest and failing to support the rationale and reasoning for his adjustments;
- s) Respondent failed to use the proper method and technique in reconciling the value indications;
- t) Respondent failed to gather market comparable rental data and failed to analyze estimation of the subject market's rent. A copy of the lease for the leased retail space was not present nor was the details of the lease terms specified;
- u) Respondent failed to collect, verify, analyze and reconcile comparable data to estimate capitalization and/or discount rates;
- v) Respondent failed to include market data for rent, expenses and overall capitalization rates;
- w) Respondent failed to employ recognized methods or techniques correctly due to the lack of market data and support;
- x) Respondent failed to analyze and reconcile a current contract of sale for the La Porte property;
- y) Respondent failed to determine the leased fee interest for the La Porte property; and,
- z) SR 1-1(a) – Respondent failed to produce a credible report because of the lack of market data, omitted comparable market data which significantly affected the appraisal report and resulted in a misleading appraisal for the La Porte property.

CONCLUSIONS OF LAW

1. The Texas Appraiser Licensing and Certification Board has jurisdiction over this matter pursuant to the Texas Appraiser Licensing and Certification Act, TEX. OCC. CODE § 1103 et. seq.

2. Respondent violated the following provisions of USPAP as prohibited by TEX. OCC. CODE § 1103.405, 22 TEX. ADMIN. CODE §§ 155.1(a) and 153.20(a)(3): USPAP Competency Rule; USPAP Standards Rules: 1-2(a) & 2-2(b)(i); 1-2(c) & 2-2(b)(v); 2-2(b)(vi); 1-2(e)(ii) & 2-2(b)(iv); 1-2(h) & 2-2(b)(vii); 1-2(e)(i) & 2-2(b)(iii); 1-2(e)(iii), 1-4(g) & 2-2(b)(viii); 1-3(a) & 2-2(b)(viii); 1-3(b) & 2-2(b)(ix); 1-4(b)(i) & 2-2(b)(viii); 1-4(b)(ii) & 2-2(b)(viii); 1-1(a) & 1-4(b); 1-4(a) & 2-2(b)(viii); 1-1(a) & 1-4(a); 1-4(c)(i) & 2-2(b)(viii); 1-4(c)(iii) & 2-2(b)(viii); 1-4(c)(iv) & 2-2(b)(viii); 1-1(a) & 1-4(c); 1-5(a) & 2-2(b)(viii); 1-4(d) & 2-2(b)(viii); 1-4(e) & 2-2(b)(viii); 1-1(a); 1-1(b); 1-1(c); and, 2-1(a).

3. Respondent violated 22 TEX. ADMIN. CODE § 153.20(a)(9) by omitting material facts and making material misrepresentations.

Based on the above findings of fact and conclusions of law, the Board **ORDERS** that the Respondent shall:

- a. Attend and complete a minimum, 15 classroom-hour course in USPAP;
- b. Attend and complete a minimum, 15 classroom-hour course in the General Appraiser Cost Approach;
- c. Attend and complete a minimum, 15 classroom-hour course in the General Appraiser Sales Comparison Approach
- d. Attend and complete a minimum, 7 classroom-hour course in Appraising Convenience Store;
 - i. No examination shall be required for this course;
- e. Attend and complete a minimum, 7 classroom-hour course in Subdivision Analysis;
 - i. No examination shall be required for this course;
- f. Pay to the Board an administrative penalty in the amount of \$2,000.00 and,
- g. Comply with all provisions of the Act, the Rules of the Board, and USPAP in the future, or be subjected to further disciplinary action.

ALL CLASSES required by this Agreed Final Order must be classes approved by the Board and must be completed within **TWELVE MONTHS** of the date of this Order and documentation of attendance and successful completion of the educational requirements

of this Order shall be delivered to the Board on or before the end of the twelve-month period indicated. None of the classes or seminars required by this Order may be taken through correspondence courses. Unless otherwise noted above, all classes must be in-class, have an exam, and Respondent must have a passing grade on the exam given in each class. None of these required classes will count toward Respondent's continuing education requirements for certification.

Payment of the **ADMINISTRATIVE PENALTY** must be by certified funds, and must be tendered within **TWENTY DAYS** of the date of this Agreed Final Order.

Failure to timely comply with any of the terms of this Final Agreed Order shall result in initiation of a contested case proceeding against Respondent and after opportunity for a hearing, possible imposition of disciplinary sanctions against Respondent as provided for by TEX. OCC. CODE § 1103.518.

Respondent, by signing this Agreed Final Order, waives the Respondent's right to a formal hearing and any right to seek judicial review of this Agreed Final Order. Information about this Agreed Final Order is subject to public information requests and notice of this Agreed Final Order will be published in the Board's newsletter and/or on the Board's web site.

THE DATE OF THIS AGREED FINAL ORDER shall be the date it is executed by the Chairperson of the Texas Appraiser Licensing and Certification Board. The Chairperson has been delegated the authority to sign this Agreed Final Order by the Texas Appraiser Licensing and Certification Board vote.

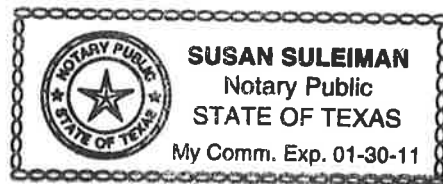
Signed this 17th day of October, 2008.


CHENCHENG JACK WU

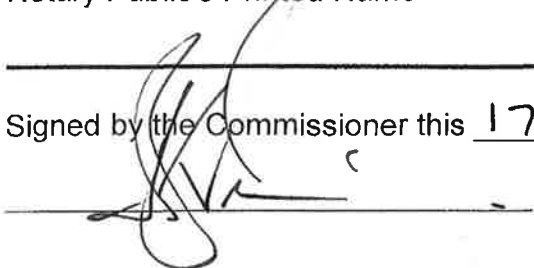
SWORN TO AND SUBSCRIBED BEFORE ME, the undersigned, on this the 17th day of October, 2008, by CHENCHENG JACK WU, to certify which, witness my hand and official seal


Notary Public Signature

Susan Suleiman
Notary Public's Printed Name



Signed by the Commissioner this 17 day of October, 2008.



Timothy K. Irvine, Commissioner
Texas Appraiser Licensing and Certification Board

Approved by the Board and Signed this 12th day of December, 2008.


Clinton P. Sayers, Chairperson
Texas Appraiser Licensing and Certification Board

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TX-1322574-G

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DOCKETED COMPLAINT NO.
07-063 & 07-064

FINAL ORDER

On this 24th day of April, 2009, the Board considered the above-noted matter, in which an Agreed Final Order was previously entered by the Board.

The Texas Appraiser Licensing and Certification Board, after review and due consideration of Respondent's request for modification of the previously entered Agreed Final Order, attached as Exhibit A hereto, now enters this Final Order modifying the previously entered Agreed Final Order.

NOW, THEREFORE, IT IS ORDERED by the Texas Appraiser Licensing and Certification Board that Chencheng Jack Wu is granted a permission to take on-line classes in order to satisfy the education requirements contained in the Agreed Final Order.

Approved by the Board and Signed this 24th day of April, 2009.



Clinton P. Sayers, Chairperson
Texas Appraiser Licensing and Certification Board